

### **SALE NOTICE PROCEDURES**

(a) NYMA shall serve upon all creditors and parties in interest a Notice of the Auction Sale. The sale notice shall specify: (i) the assets to be sold, (ii) the minimum bid price, and (iii) the identity of any parties having a lien interest in the properties.

(b) the sale notice parties will have until September 29, 2015 at 5:00 PM to object to the auction sale. If no objections are received the auction sale will go forward.

(c) If objections are received to the auction sale, the Bankruptcy Court will conduct a hearing on September 30, 2015 at a time to be determined.

### **BIDDING PROCEDURES**

**SELLER:** NYMA, under the direction of Anthony Desa, President of Board of Trustees.

**AUCTIONEER:** Hilco Real Estate, LLC.

**AUCTION FORMAT:** All bidding is open and public. To bid during the auction, you need only raise your hand, shout your bid or instruct an auctioneer's bidder assistant to call out your bid for you. Please call our Auction Information Line at 855-755-2300 or email [info@hilcoreal.com](mailto:info@hilcoreal.com) for further instructions.

**AUCTION DATE/LOCATION:** The auction shall be held on September 30, 2015. Registration will begin at 12:00 p.m. and the auction will start at 1:00 p.m. The auction shall take place at the US Bankruptcy Court, Southern District of New York, 355 Main Street, Poughkeepsie, NY 12601 in the Section 341 room on the first floor.

**ASSETS AVAILABLE:** The assets to be sold include all or substantially all the assets of New York Military Academy (collectively, the "Assets");

1. Parcel 1: 77.3 Acre parcel improved with a military preparatory school consisting of

several administrative, academic, and dormitory facilities, accessory structures, and apartments as well as several single family residences. **Also included in the sale of this parcel are any school credentials required to operate a preparatory school.**

2. Parcel 2: 35 Acre parcel of vacant land.
3. Parcel 3: 1.1 Acre parcel of vacant land.

The Parcels will be offered individually in the first three rounds of bidding and then offered as a whole in the last round of bidding.

**BID DEPOSIT REQUIRED:** In order to bid at the auction a prospective bidder must deposit by wire transfer or bank check to Lewis D. Wrobel, as Escrow Agent (a) \$500,000 in order to bid on Parcel 1, and (b) \$100,000 in order to bid on any or all of the other Parcels. If you are not the winning bidder or the back-up bidder for one of the Assets, your bid deposit will be returned to you. Only qualified bidders may attend the auction.

**DOCUMENTS AVAILABLE:** A Property Information Packet (PIP) available online in our Virtual Deal Room has been assembled and includes the Asset Purchase Agreement for each Asset listed above, property information and other applicable information. To gain access to the virtual deal room you will need to fill out an Order Form, along with a confidentiality agreement and email it to [info@hilcoreal.com](mailto:info@hilcoreal.com). Seller, Seller's Broker and Auctioneer shall not be liable for any inaccuracy contained in any reports furnished to buyers originating from any other source.

**ATTORNEY REVIEW:** All information contained in the auction-related marketing material should be carefully reviewed by an attorney prior to the auction and is subject to and may be superseded by the Asset Purchase Agreement for signature at the auction. There will be no attorney review period after a winning bidder is determined at the auction.

**BUYER'S PREMIUM:** With respect to each Asset, Purchasers shall also pay a Buyer's

Premium equal to three percent (3%) of the High Bid. The Buyer's Premium shall be added to the High Bid and the sum will be the Total Purchase Price in the Asset Purchase Agreement.

**REQUIREMENTS OF HIGH BIDDER:** With respect to each Asset, the party submitting the highest and best bid (the "High Bidder") will be required to sign the Asset Purchase Agreement upon the conclusion of bidding acknowledging its Total Purchase Price, its initial earnest money will become non-refundable upon the courts approval of the sale and the High Bidder must increase its earnest money deposit to an amount equal to ten percent (10%) of its Total Purchase Price by bank check or wire transfer on or before 12:00 P.M. on October 1, 2015, and must have a representative present at the Sale Approval Hearing in the US Bankruptcy Court Southern District of New York, 355 Main Street, Poughkeepsie, NY 12601 at a date to be determined. Bidders will be required to provide reasonable proof acceptable to the Debtor and Cornwall Improvement LLC of the bidder's ability to consummate a purchase of the Assets, including copies of such bidder's annual, quarterly and monthly financial statements for the most recently ended fiscal periods, certified to be true, correct and complete in all material respects, bank statements, financial statements and tax returns or if the bidder is an entity formed for the purpose of acquiring the Assets, the aforementioned financial statements for the equity holder(s) of the bidder, and evidence of sufficient financing if the bidder intends to finance the purchase.

**BACK-UP BIDDER:** With respect to each Asset, the party (the "Back-Up Bidder") submitting the second highest bid will be required to sign the Asset Purchase Agreement upon the conclusion of bidding acknowledging its Total Purchase Price, and in the event the High Bidder fails to timely make the 10% deposit required above, the Back-Up Bidder must tender an amount equal to ten percent (10%) of its Total Purchase Price by bank check or wire transfer within one (1) business day following notice that the High Bidder has failed to make the required deposit.

**COURT APPROVAL:** With respect to each Asset, the High Bid or the Back-Up Bid, as applicable, shall be submitted for approval by the Court at a hearing to be scheduled, but in any event no later than thirty (30) days after the date of the auction. The Seller shall promptly file a notice of the High Bid and the Back-Up Bid with respect to each Asset.

**FREE AND CLEAR TRANSFER:** The real property available for auction is being transferred free and clear of all liens, claims, encumbrances and other interests of any kind, with liens to attach to the proceeds. Any real property transfer will be subject to existing easements, right-of-ways, covenants or other existing deed restrictions.

### **AUCTION PROCEDURES**

**RESERVE OFFERING:** All of the Assets are being offered subject to Court approval. **The starting bid at the auction for the Assets in their entirety will be \$9,500,000.**

**CLOSING DATE:** The Closing Date shall be within thirty days after the auction.

**INSPECTION:** Prior to the auction, prospective bidders will be afforded two (2) dates to physically inspect the assets and present additional questions. **Each property is being offered for sale “as is” and in its existing condition.**

**CONDUCT OF THE AUCTION:** Conduct of the auction is at the direction and discretion of the Auctioneer and the Court. The increments of bidding will be \$100,000. In the event of a dispute between bidders, the Court shall make the final decision to accept the final bid, to re-offer and re-sell the property, or to remove the property from the auction. If any disputes should arise following the auction, Court records shall be conclusive in all respects.

**SELLER’S AGENT:** Hilco Real Estate, LLC, its cooperating brokers, and all licensees employed by or associated with Hilco Real Estate, LLC who are involved with this auction, represent the Seller in this real estate transaction.

**DISCLAIMER:** The Seller and Auctioneer and their agents assume no liability for inaccuracies, errors or omissions in the auction marketing materials, including the Virtual Deal Room. ALL SQUARE FOOTAGE, ACREAGE, DIMENSIONS, TAXES IN THIS AND OTHER MARKETING MATERIALS ARE APPROXIMATE. This offering may be withdrawn, modified or canceled without notice at any time. This is not a solicitation or offering to residents of any state where this offering is prohibited by law.